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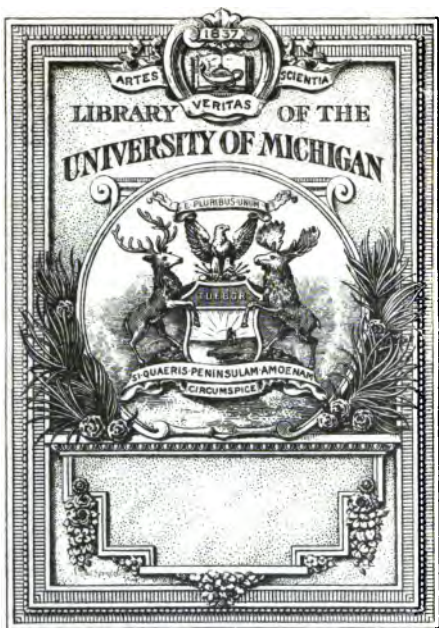
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HOW TO
SAVE MONEY
ON FREIGHT

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HOW TO SAVE MONEY ON FREIGHT

By

John Stuart Grant



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PUBLICITY.

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"In the interest of the public the Government should have the right to inspect and examine the workings of the great corporations engaged in interstate business. Publicity is the only sure remedy we can now invoke. . . . The first requisite is knowledge, full and complete,—knowledge which may be made public to the world."

PRESIDENT ROOSEVELT.

137930



INTRODUCTORY

There is a new department in business known as the Traffic Department. The man in charge of this department is known as the Traffic Manager or expert.

The Traffic Manager for private shippers is, like the Traffic Manager for a railroad, a student of railroad conditions, but he differs from his brother in transportation service in this one particular, the railroad traffic manager seeks to *charge as much as possible*, the private traffic expert to *pay as little as necessary*.

To many of the readers of this book it will appear queer that there should be any question about what the shipper should pay for the carriage of his freight.

It is my purpose to show that there is a question, and a very grave question, that shippers are frequently charged too much, and it is the aim of this book to show why this is the case, how it comes about and to suggest how it can be remedied.

The study of freight traffic is made *possible* by the Inter-State Commerce Act;—it is made *necessary* by the attitude of the carriers of the country towards this Act.

The purpose of the act regulating inter-state commerce was to compel the railroads to offer the same facilities and the same rates to all shippers, whether small or great. The attitude of the railroads is directly antagonistic to this. Their position is very clearly defined by the president of a prominent eastern road who says that there is no

more justice in regulating the price which the carriers should charge for transporting freight than there would be in fixing the price at which one of the mills along the line of his road should sell its product.

This being the position taken by the railroads it will be seen that if there is any way in which they can comply with the requirements of the law and at the same time prevent the attainment of the ends which it sought to accomplish, they would adopt that plan.

I have no animus against the carriers. I hold no brief for the shippers. It is my purpose in plain and simple language to show how out of this conflict of position has arisen a plan, cleverly devised and skillfully executed, whereby the carriers may conform to the letter of the law without yielding in any marked degree the advantages they possessed before the enactment of the Inter-State Commerce Act.

I shall make clear how in many cases there has gradually crept into existence two sets of rates for carrying freight, a "list" and a "net" price, the one a high rate, the other a lower one, both published in due form and both legal rates.

I shall show that of these two rates one, the higher, is known to every one, while the lower is known to but few, and in doing this it will be made clear how the few secure advantages over the many without securing rebates or any concession to which all are not entitled.

I will show how this can be done without conflicting with the law, yet in a manner that precludes most shippers from securing the very benefits which the law sought to assure to them.

I will make it clear that almost every shipper, (at least 90 per cent of all), are at some time and in some way losing money through errors which a careful study and understanding of the traffic situ-

ation would correct; losses which it is not always possible and which at no time is it the business of the railroads to prevent.

And in pointing out these things, things which are of positive and real benefit to every shipper, I shall show that the vital weakness of the Inter-State Commerce Act, so far as the great mass of shippers is concerned, lies in the measure of publicity given to the published rates of the carriers and not in the want of power vested in the Commission to enforce its decisions, for if the public were to know to just what extent it had been hoodwinked in the matter of freight charges, there would be no force on earth that could stop them from securing legislation which would empower some authority to readjust rates when it could be shown that they worked an injustice to any shipper or any body of shippers.

How to Save Money on Freight

THE TRAFFIC MANAGER.

CHAPTER I.

This is the story of the private traffic manager, the man who looks after the shipper's interests.

Created by the Inter-State Commerce Act, nurtured by the necessities of business, he has grown to full stature and become an important factor in modern business building through an ability to secure profit,—decrease expense and increase revenue,—by the study of the freight question as it affects the shipping interests of the country. He does not secure rebates. It would be foolish to entrust that duty to him as it would put a powerful club in his hands without giving any hold on him as an accomplice. He does, however, study railroad methods of meeting the conditions which have faced them since the passage of the Inter-State Commerce Act, and if, in doing so, he secures profit for his employer through the application of rates, which were not intended to be applied to his traffic, but were designed for special traffic, he has full warrant of the law for so doing and is amply justified.

What is the use of employing a traffic manager?

What can he do that any shipper cannot do? These are questions that are very frequently asked by many shippers who would like to secure the benefits of expert traffic service, but who are doubtful as to whether its employment would be profitable to them. I answer, that the traffic manager can do nothing that any shipper cannot do, provided, however, the shipper has the same knowledge. But the traffic manager *does* accomplish things that the average shipper does not, and he possesses a knowledge of peculiar conditions that frequently produce lower freight rates.

He knows how to classify goods to secure the lowest rates; he knows when it is necessary to route shipments in order to protect the lowest rates; he understands the method of railroads in handling claims and in consequence is able to collect more claims than the average shipper. He knows when the classification of a product works an injustice to the shipper and to whom to make an appeal and how to make that appeal to secure the desired result; he understands the combinations that produce lower freight rates, and he knows when it is possible to secure lower rates or special concession on large shipments and how to proceed for the purpose of securing such concessions. In short, a traffic manager possesses a knowledge which produces a profit to his employer over and above what is spent upon his salary. If this were not true the demand for traffic men would not be increasing out of all proportion to the supply and the keenest business men in the country would not be paying salaries ranging from \$2,500 to \$10,000 per year to men who are equipped with this knowledge.

It is the purpose of this little book to portray the conditions that make the employment of traffic managers imperative for those concerns which would win in the race for business, which wish to les-

sen the cost of production and to increase the force of their selling power.

The traffic manager for private shippers is a two-fold creation; a result of the modern demand for economy in the cost of production and selling and a creation made necessary by the conditions which have arisen since the establishment of the Inter-State Commerce Act. The title of traffic manager has been adopted by shippers for the men who have charge of freight departments of their business, and in this they have followed the lead of railroads which, since the Inter-State Commerce Act has been passed, have designated by this title the men who study to figure the cost for carrying freight and to issue the prices at which the railroads carry the various classes of commodities and merchandise which are offered them by the shipping public.

In purpose, the shipper's traffic manager and the freight manager of the railroad are engaged in the same work, namely, that of producing profit for their employers. Their methods of work differ in this respect, that, while the latter aims to *charge all he can*, the former aims to *pay as little as possible*.

Seventeen years ago, when the Inter-State Commerce Act first became a law, there were very few men in private service called traffic managers. At that time their chief function was to "shop" for lower rates, working competing railroads against each other to the end that they might secure for the carrying of their freight the lowest possible charge. Today a traffic manager has nothing to do with the question of rebates and secures special rates only in a legal way, a way that is open to every shipper if he understands the ropes and knows how to go about it. But the position of the traffic manager has grown important owing to the complex conditions which have arisen in the rate situation since the passage of the Inter-State Commerce

Law. Notwithstanding the declaration that there shall be no special preferential rates and no rebates, it is nevertheless true that the railroads are compelled by the demands of various shipping interests to differentiate between those shippers which produce large tonnage and those of minor importance. In other cases the necessities of the railroad itself for the development of traffic compel the issuance of what are practically special rates for the purpose of building up industries along the lines of their road.

Knowing this to be a fact the traffic manager studies the situation that confronts him with relation to the demands of the business interests which he represents, and takes advantage of the situation thus created for the production of lower rates than would otherwise be applied to his traffic.

Today every concern that is progressive must have someone that is competent to pass upon the railroad rates for the reason that the freight charges affect the original cost of manufactured goods, and the price at which manufacturers and merchants can deliver their wares to a large degree determines the making of sales and the extension of the territorial limits within which they may legitimately sell goods.

It is strange that this has not been apparent to the great body of shippers when you consider that the freight expense last year amounted to 10 per cent of the cost of all the manufactured goods in the United States; that it was equal to one-half of all the money spent on labor connected with the manufacture of articles for sale and that it was *more than the entire general expense*. Do you think for a moment that any merchant would pay so little attention to any other factor affecting the cost of his product which played so important a part, not only in fixing the original cost, but also in so large a degree affects his power to market his product?

It is because this has been realized by a few of the more progressive merchants that they have employed traffic experts to study this freight question, and as other concerns come into competition with them and realize that there must be some material advantage gained through such employment, the demand for knowledge upon this subject increases.

What the traffic manager does is this: His first duty being to produce a profit for his employer over and above the expense which is attached to his position, he makes an intimate study of the character of the goods which are shipped, he carefully studies the classification of these articles, not only as they are described in the general classifications, but also as they are described in commodity tariffs, these being special rates affecting the cost for transporting the product in which he is interested. In consultation with the sales manager of the concern he studies to see if it be not possible to extend the territorial limits within which goods are sold, and to this end it becomes necessary for him to understand what competition is encountered by the firm in selling goods. In cases where large sales are likely to be the result he frequently finds that the profits resulting from such sales will admit of the absorption of differences between the freight rates which his concern is paying and that of some competitor located at a nearer jobbing or shipping center.

In other cases where it is not possible to do this and the traffic is desirable from a railroad standpoint he makes an endeavor to secure from the railroads special commodity rates to enable his concern to sell in territory which is not legitimately their own. In this way he increases the selling power of the merchant and produces a profit that would not otherwise exist. He studies the rulings of various railroads and in figuring rates, finds combinations which frequently lessen the cost of

transportation. It is the rule of the traffic manager (strange as it may seem), *to accept no tariff as an authority unless he finds, after careful examination, that it produces the lowest rate.* This is true both on incoming and outgoing freight. It is his duty to furnish instructions to the shipping clerk, both as to the way goods should be described and packed and in special cases as to how they should be routed.

One of the important items in selling goods at the present time is the quick delivery of shipments, and he makes it his business to become familiar with the time taken by railroads to deliver shipments from his factory to the various territories to which goods are consigned. If his shipments are unreasonably delayed from one cause or another, he devises a tracing system which will tend to produce quicker delivery. This may seem unimportant, but with the large concerns it is a very important item, indeed. I have known of concerns which, through lack of system of this character, lose every year in the various goods which are sold for charges, sums ranging from \$5,000 upwards.

The traffic manager's peculiar knowledge of the methods which are employed by railroads in handling freight enables him to handle loss and damage claims expeditiously, and in order that he may collect the maximum amount of claims of this character with the minimum of expenditure he must have this knowledge, and in addition must understand the laws which affect common carriers, fixing their liability for loss and damage in the transportation of freight. The same knowledge of the methods in vogue among railroads in handling overcharges is largely productive of profit. He knows just what is necessary to enforce the collection of a claim for an overcharge, he knows what papers to send, to whom to send them and is wise

enough (if he be wise at all), to make a reputation for sending no claims which have not a just and reasonable basis for presentation. In other words, a traffic manager is really a legal traffic specialist looking after the interests which he represents, to see that their business is conducted in the most economical and satisfactory manner.

All this service of the traffic manager is made *possible* by the Inter-State Commerce Act. It is made *necessary* by the attitude of the railroads toward that act and the system which they have put in force to meet the various conditions which confront them in the handling of traffic. These conditions, which in many cases result in the production of lower cost for transportation, are outlined in the next chapter.

CONDITIONS WHICH PRODUCE LOWER FREIGHT RATES.

CHAPTER II.

The conditions which produce lower freight rates are those which existed before the Inter-State Commerce Act was passed, conditions which the passage of this Act did not alter or change in any particular, and conditions which confront practically every railroad in the country at the present time.

Plainly stated, these conditions are the demands of special interests and communities for lower rates for their shipments than are applied to the shipments of the public at large.

It has, from time immemorial, been accepted as an economic law of trade, that the man who purchased a large quantity was entitled to a lower price than the man who purchased a smaller quantity. This sentiment is one which is deep-rooted in the minds of the business public, and it is necessary for railroads in making rates for the transportation of

freight, to recognize this sentiment, the statute regulating inter-state commerce to the contrary notwithstanding.

It is, in the manner which has been adopted by the railroads to meet this demand of the shipping public, and at the same time, conform to the letter of the law, that the average shipper finds opportunity to secure for himself lower freight rates than would otherwise be applied to his traffic.

The methods and practices of railroads that had been in effect time out of mind were completely overturned by the act regulating commerce. According to the publication and posting clause of the new act, it was made illegal to offer any rate which was not previously published and posted for the benefit of all shippers.

Now, if you have had any railroad experience at all you will know what an immense burden this placed upon the railroads. Prior to the advent of the Inter-State Commerce Act very few tariffs were published. Each line published local tariffs showing rates between stations on their lines and through rates to a few of the larger jobbing centers without regard to how these through rates affected intermediate points where rates were arbitrarily made with no reference to their proportionate mileage of the through haul. Special rates were issued by circular and not published at all, and contracts for drawbacks and rebates were made without the knowledge of anyone but the parties interested and the clerks in charge of the rebate claim department.

It was a hard matter for railroads to adjust themselves to the new conditions imposed. Rates had been made upon the basis of "what the traffic would bear." Into this entered as factors the question of competition and the building up of industries along the line of the railroad which would ultimately produce increased traffic, and as in every other business

enterprise, the volume was the determining factor in making the rate

There was, prior to the enactment of the law regulating inter-state commerce, no long and short haul clause acting as a deterrent factor in the making of rates. The shipping public were dealt with in the same way and upon the same general principles that governed in other lines of business enterprise. The rule was, get the business. Get it at a profit if you can, but get it.

If it appeared, for example, that a certain lumber shipper could make a contract involving the sale of a great many cars of lumber at a certain point providing he could sell at a certain price, he and the railroad representatives on whose line he was situated would get together and arrange for a rate that would enable the lumber dealer to get the business and the railroad to get a haul at a profit, even if it were small. Each road had certain prorating arrangements with their connections whereby they were at liberty to make what rates they felt necessary to secure certain traffic, provided of course, that the earnings did not fall below a certain minimum for each line. In cases of competitive business and at times when traffic was light, even better terms than these were made.

Such a rate was called a special rate, issued in the interest of a certain firm on a definite article traveling between defined territories. If, in the making of such a special rate, it was found that it was lower than a special offered to some other concern shipping the same commodity from the same point, there might be trouble if it came to the knowledge of the other party so the shipments were billed at the same special as already in effect and a rebate or drawback was given to take care of the difference.

This was the situation in dealing with large traffic in carload lots.

The same condition pertained to large shippers of less than car lots, but it had to be dealt with in a different manner in many cases.

Suppose in the same town there were two large concerns, the one larger than the other receiving or shipping large quantities of merchandise freight, as it is called, or less than car lots. To issue special rates to cover the various articles they received from various points or to do the same for shipments to all points of the compass was an impracticability. In these cases to secure the business and insure getting all of it, one line would offer a rebate of a certain percentage on all freight bills paid when coming from territory where they had prorating arrangements, and the amount of rebate or drawback would be regulated by the volume of traffic and the amount of freight paid.

Now stop for a moment and consider the facts of this situation. There was nothing criminal about this. It was a common law of business as applied to every other commercial enterprise, and there was nothing peculiar in the fact that the railroads of the country recognized that the buyer of a large quantity of transportation was entitled to a lower rate than the buyer of a small quantity. It is an economic fact that large quantities can be handled at a lower price proportionately than smaller quantities, and this was the rule which regulated the making of special concessions of every character before the establishment of the Inter-State Commerce Act.

Now all this may be familiar to you. Whether it is or is not, I want you to stop right here and think over this situation very earnestly, for here is the basis of the whole study of traffic. Here we come up with the thing which makes study of the traffic situation profitable.

Here is where the transportation interests of the country were up against it hard. Here is where, for a time at least, they fell down, and here is

where, in studying how they finally readjusted themselves to the situation, you get the knowledge of how to save money on freight shipments.

The one purpose of a railroad is the production of profit. That is where it is like everything else in the way of business enterprise. But in the carrying out of its purposes its functions are different from those of other business ventures. It meets with and has to deal with more perplexing problems than others. Part of these arise from its desire to increase its traffic. Some of them arise from competition and some from the fact that it is what is termed in law, a common carrier, i. e., it is obliged to receive freight for shipment and cannot decline it at its option.

In its desire to create traffic, railroads and other transportation interests have done more for the up-building of the country than perhaps all other factors combined. They stimulate the building of industries along their lines to the end that it may thereby increase traffic. In making rates for these and other large interests which are or may be located along its right of way, or in the towns on the line of its railroad it has to consider the fact that if it can, through the establishment of low rates enable the shippers along its line to increase their business it creates a two-fold benefit; it builds up the business of its patrons and at the same time it prevents the business and the traffic from going elsewhere, thus increasing the earnings of the railroad. This is not purely a selfish business proposition, as it sometimes has to be done with no profit for the time being, or at a very slight profit.

The great aim of every railroad is to have full train loads both going and coming, and in the newer sections of the country and because of conditions which I cannot enter into here this is a problem, and a problem which is productive of competition and the cutting of rates. It will explain why some

classes of products are carried at very low and sometimes ruinous rates.

As a common carrier it cannot carry on its plans with the same freedom of movement that is possible to other forms of business enterprise, and this is because it is a quasi-public corporation, gaining its charter from the various states and often various and sundry other rights which become valuable, on the theory that a railroad is put into commission to serve the people and build up the business interests of the country.

It is as a common carrier that the Inter-State Commerce Act deals with the railroads and in compelling the placing of all shippers on the same plane for the transportation of all their freight the law has placed an obstacle in the way of the railroads which, with all their cunning, they cannot wholly get around. It is in the publication of tariffs for the benefit of the shipping public that they have struck the hardest snag, and it is because they cannot prevent conflict of rates in the issuance of tariffs, that the study of traffic becomes one of profit and value to the average shipper.

I have gone into these details minutely to show you that the conditions which existed before the enactment of the Inter-State Commerce Act still exist, and that these conditions are such that the railroads must meet them by the issuance of special rates only that now the methods of their issuance is changed to conform to the law.

Naturally, if the railroads were at such pains to keep them from the eyes of the general public when they were not by law compelled to offer one shipper the same rate as the other, they will be at no less pains in their issuance at this time when it is possible for anyone to take advantage of these special concessions to special conditions, and to secure such benefits for themselves as are intended to apply to the shipments of others.

How can this be done and not conflict with the law which prohibits the making of such discriminations?

Two things make it possible. First, the method of issuing and filing tariffs; and, second, the natural and artificial complexities of the tariff situation which make the tariffs unintelligible to the general shipping public.

Out of these conditions and the manner in which they are met by the traffic managers of railroads, has arisen a system of "list" and "net" prices for transporting freight, a system which requires study and intelligent study, to acquire the lowest rate, and which places every firm which cannot do this, or employs no one competent to perform the service for them, at a material disadvantage, as the natural result is higher charge for the carrying of freight.

Today the great mass of shippers pay the "list" or higher price. Why do they do it? Because they are supplied with tariffs which are easily comprehensible, require little or no study, but contain the highest rates. Other tariffs there are, and these shippers know it, but not comprehending their significance and not knowing how to decipher their complexities, they fall back upon the class rates which can be easily figured. That's what the railroads wish them to do.

If all shippers were upon a real equality in the matter of rates, the issuance of tariffs would be a comparatively simple matter.

But as the purpose is to meet conditions which require special rates for specific traffic,—rates not designed to be used for general traffic,—the rate situation has become so complex a matter as to require a certain degree of expertness to make it intelligible. That it is designedly so I will not say, but that it is so, I definitely declare, and that in the unravelling of this complex tariff situation will be

found a "net" price is beyond question, and will be shown.

Let me quote you from reports of the Inter-State Commerce Commission on this question of the complexities of tariffs

"The application of tariffs is in many instances doubtful, owing to the absence of information as to the routing of the traffic. Many tariffs omit to show the route by which the traffic is to be carried, *even where there are no apparent obstacles to this information being fully given.*"

* * * *

"Tariffs covering through rates are intended to govern via only one of these junction points, but the tariffs do not indicate which one. A correct understanding of the tariff as to *routing in such cases would be impossible.*"

* * * *

"Distance tariffs are often filed with the Commission without the distance tables and without reference to them if published in the same way. *Such tariffs would be of no use to the shipper.*"

* * * *

"It is noticed that special tariffs are frequently issued upon commodities which have heretofore been covered by a class or general tariff. These special tariffs are in some cases limited to a stated period, but no reference is found upon them abrogating the rate upon the same commodity given in the general or class tariff, it being the understanding that the general or class tariff will again be in force at the expiration of the special tariff. *In cases of this sort it will be seen that two rates upon the same commodity are in effect at the same time, so far as the tariffs indicate.*"

* * * *

"Claims for overcharges made by shippers upon the railroads in part arise from errors of agents and others in charging the rates under a general tariff and classification, instead of applying the commodity rate at the time in effect. It has been observed in many instances of this kind that neither the shipper nor the agent was informed of the existence of the commodity tariff. In other cases the shipper has accepted as correct the class rate as furnished by the agent, who withheld the commodity rate for the exclusive use of certain favored patrons."

From these it will be seen that the irregularities in tariffs, irregularities admitting of easy remedy, result in confusion and vexation to the shipper. Is it not reasonable to suppose this is done with an object in view, and that object to discourage the shipper from too close a study of the tariff situation?

Here it is definitely stated that certain commodity tariffs are *withheld from the general public for the use of certain favored patrons*. Does this not comprise a "net" price on freight?

Another part of the scheme to create a "net" price ascertainable by those who study the tariff situation, is the practice of establishing differentials that may be applied.

About this the Commission's report says:

"Another instance where schedules do not plainly state the points between which rates apply is observed in tariffs which name rates from certain points and provide rates from other points by notations, as follows: 'Usual differentials will apply;' 'Usual differentials to seaboard cities;' 'Rates from Peoria, Ill., will be 5 cents lower than Chicago.' Tariffs from western grain shipping points name rates to the Mississippi River and provide that 'Rates to Chicago will be 5 cents higher.'

"An illustration of the use of the phrase 'Usual differentials will apply,' is found upon tariffs intended to name rates from St. Louis, Cairo, Columbus, Ky., etc., to southern points. Figures are given from St. Louis only; no figures are stated from Cairo or Columbus, and rates from these points may only be obtained after the deduction of certain differentials, which are not given on the same sheet, nor is any reference made to the particular sheets on which they may be found. The title of the tariff is misleading so far as Cairo and Columbus are concerned, as the actual rates are not to be found upon the tariff from either of these points. It was noticed that ample room was afforded by these tariffs to include the figures from Cairo and Columbus. Many illustrations of this kind could be given."

The application of differentials, arbitraries and territorial boundaries, make it practicable to find two rates in effect to many points.

Let me illustrate this:

Recently a shipper was charged \$100 too much on a car from a Michigan point to a Texas Common point. He paid the regular tariff according to classification. The rate should have been figured class rate to Chicago, differential Chicago to St. Louis and commodity St. Louis to destination. This made a difference of 33 cents per cwt., or \$100 on the car. The agent at point of shipment didn't know of the commodity, didn't think of the differential, as did neither of the two competing railroads, whose rate clerks quoted on the shipment.

Let me quote once more from this report of the Commission on the question of the issuance of tariffs and you will agree with me that it requires study to get the "net" price, and that a "net" price for carrying freight exists, if you but search for it:

"A frequent irregularity is observed where

changes are made in certain tariffs which affect other rates, which latter changes are not shown by any separate publication. This is brought about as follows: A tariff is issued showing rates to all points on a road. Such rates are made progressive, according to mileage, the rate to the last or terminal point being higher than to the preceding intermediate points. From the pressure of competition or other causes it appears necessary, from the standpoint of the carrier, to reduce the rate to the more distant or terminal point. Accordingly, a new tariff is published, covering that point only and abrogating so much of the general tariff, which formerly gave the rates to that point, as may conflict with the new tariff. No announcement is made of a change in rates to the intermediate points, but upon the new tariff to the terminal point a notation appears to the effect that 'no higher rate shall be charged to any intermediate point,' etc., and this note, it has been claimed, would reduce rates to any intermediate points that were higher than the new rate to the terminal point, and thus prohibit a higher charge for a shorter than for a longer distance. It will be observed that no change has been authorized in the general tariff showing the rates to the intermediate points; a new sheet has been issued for the terminal point only. The tariff first published, so far as the rates to the intermediate points are concerned, remains unchanged, but it is intended that agents at forwarding stations shall be governed by the general rule of the fourth section of the act as shown upon the new or later tariff to the terminal point, and modify the rates to the intermediate points when necessary. This lower rate to the terminal point is frequently termed a special or an emergency rate,

intended to be temporary only and to be shortly withdrawn after the movement of certain traffic, when the former or higher rate will be restored. During the life of these separate tariffs, rates to the intermediate points are at all times subject to the tariff to the terminal point, as this latter sheet prescribes the maximum charge to any intermediate point. *Under these conditions the correct rate to intermediate points may only be obtained after careful comparison of the two separate tariffs. The difficulties the ordinary shipper would encounter are at once seen to be numerous; discrimination and overcharge may easily follow without coming to his knowledge, especially if he relies on the only tariff to be found which gives definitely the rates to the intermediate points.* Changes to the terminal point are announced hurriedly, and it does not appear improbable that many agents who are authorized to name rates to the intermediate points are at first without instruction as to the terminal rate published in the new tariff; where this occurs violations of the* fourth section are no doubt numerous. Irregularities in this respect may follow with many roads where the duties of the officers are divided so that one agent will only be interested in through traffic, with authority to make rates, while the local traffic is in charge of others. The conditions surrounding the traffic covered by the through rates would not necessarily be known to the officers in charge of local traffic; changes made in the through rates may therefore not come to their knowledge. It thus may happen that reductions are made to terminal points without corresponding changes to the intermediate points."

Now, I think the fact has been established that a "net" price exists, that most shippers pay the

*The long and short haul clause.

“list” price, due to the misleading manner of issuing rates, and that this apparent conflict of rates is due to the necessity upon the part of carriers to meet the needs or demands of some shippers for lower rates than others.

It is apparent, also, that any shipper is entitled to these “net” prices if he can find them.

Let us see how he can find them.

AN UNAPPRECIATED CLAUSE OF THE INTER-STATE COMMERCE ACT.

CHAPTER III.

The thing which makes the finding of “net” prices possible is the publication clause of the Inter-State Commerce Act. This is found in Section 6.

I want you to read carefully Section 6 of the Inter-State Commerce Act, which is as follows:

“SEC. 6. (*As amended March 2, 1889.*) That every common carrier subject to the provisions of this act shall print and keep open to public inspection schedules showing the rates and fares and charges for the transportation of passengers and property which any such common carrier has established and which are in force at the time upon its route. The schedules printed as aforesaid by any such common carrier *shall plainly state the places upon its railroad between which property and passengers will be carried, and shall contain the classification of freight in force, and shall also state separately the terminal charges and any rules or regulations which in any wise change, affect, or determine any part of the aggregate of such aforesaid rates and fares and charges.* Such schedules shall be plainly printed in large type, and copies for the use of the public shall be posted in two public and conspicuous places, in every depot, station, or office of such carrier where passengers or freight, respectively, are received for transportation, in such form that they

shall be accessible to the public and can be conveniently inspected.

Any common carrier subject to the provisions of this act receiving freight in the United States to be carried through a foreign country to any place in the United States shall also in like manner print and keep open to public inspection, at every depot or office where such freight is received for shipment, schedules showing the through rates established and charged by such common carrier to all points in the United States beyond the foreign country to which it accepts freight for shipment; and any freight shipped from the United States through a foreign country into the United States, the through rate on which shall not have been made public as required by this act, shall, before it is admitted into the United States from said foreign country, be subject to customs duties as if said freight were of foreign production; and any law in conflict with this section is hereby repealed.

No advance shall be made in the rates, fares, and charges which have been established and published as aforesaid by any common carrier in compliance with the requirements of this section, except after ten days' public notice, which shall plainly state the changes proposed to be made in the schedule then in force, and the time when the increased rates, fares, or charges will go into effect; and the proposed changes shall be shown by printing new schedules, or shall be plainly indicated upon the schedules in force at the time and kept open to public inspection. Reductions in such published rates, fares, or charges, shall only be made after three days' previous public notice, to be given in the same manner that notice of an advance in rates must be given.

And when any such common carrier shall have established and published its rates, fares, and charges in compliance with the provisions of this

section, it shall be unlawful for such common carrier to charge, demand, collect, or receive from any person or persons a greater or less compensation for the transportation of passengers or property, or for any services in connection therewith, than is specified in such published schedule of rates, fares, and charges as may at the time be in force.

Every common carrier subject to the provisions of this act shall file with the Commission hereinafter provided for copies of its schedules of rates, fares, and charges which have been established and published in compliance with the requirements of this section, and shall promptly notify said Commission of all changes made in the same. Every such common carrier shall also file with said Commission copies of all contracts, agreements, or arrangements with other common carriers in relation to any traffic affected by the provisions of this act to which it may be a party. And in cases where passengers and freight pass over continuous lines or routes operated by more than one common carrier, and the several common carriers operating such lines or routes establish joint tariffs of rates or fares or charges for such continuous lines or routes, copies of such joint tariffs shall also, in like manner, be filed with said Commission. Such joint rates, fares, and charges on such continuous lines so filed as aforesaid shall be made public by such common carriers when directed by said Commission, insofar as may, in the judgment of the Commission, be deemed practicable; and said Commission shall from time to time prescribe the measure of publicity which shall be given to such rates, fares, and charges, or to such part of them as it may deem it practicable for such common carriers to publish, and the places in which they shall be published.

No advance shall be made in joint rates, fares, and charges, shown upon joint tariffs, except after ten days' notice to the Commission, which shall

plainly state the changes proposed to be made in the schedule then in force, and the time when the increased rates, fares, or charges will go into effect. No reduction shall be made in joint rates, fares, and charges, except after three days' notice, to be given to the Commission as is above provided in the case of an advance of joint rates. The Commission may make public such proposed advances, or such reductions, in such manner as may, in its judgment, be deemed practicable, and may prescribe from time to time the measure of publicity which common carriers shall give to advances or reductions in joint tariffs.

It shall be unlawful for any common carrier, party to any joint tariff, to charge, demand, collect, or receive from any person or persons a greater or less compensation for the transportation of persons or property, or for any services in connection therewith, between any points as to which a joint rate, fare, or charge is named thereon than is specified in the schedule filed with the Commission in force at the time.

The Commission may determine and prescribe the form in which the schedules required by this section to be kept open to public inspection shall be prepared and arranged, and may change the form from time to time as shall be found expedient.

If any such common carrier shall neglect or refuse to file or publish its schedules or tariffs of rates, fares, and charges as provided in this section, or any part of the same, such common carrier shall, in addition to other penalties herein prescribed, be subject to a writ of mandamus, to be issued by any circuit court of the United States in the judicial district wherein the principal office of said common carrier is situated, or wherein such offense may be committed, and if such common carrier be a foreign corporation in the judicial circuit wherein such common carrier accepts traffic and

has an agent to perform such service, to compel compliance with the aforesaid provisions of this section; and such writ shall issue in the name of the people of the United States, at the relation of the Commissioners appointed under the provisions of this act; and the failure to comply with its requirements shall be punishable as and for a contempt; and the said Commissioners, as complainants, may also apply, in any such circuit court of the United States, for a writ of injunction against such common carrier, to restrain such common carrier from receiving or transporting property among the several States and Territories of the United States, or between the United States and adjacent foreign countries, or between ports of transshipment and of entry and the several States and Territories of the United States, as mentioned in the first section of this act, until such common carrier shall have complied with the aforesaid provisions of this section of this act."

* * * *

These are the portions of the Elkins amendment which prevent the old practice of equalizing rates. *Every* rate must now be published.

"The willful failure upon the part of any carrier subject to said Acts to file and publish the tariffs or rates and charges as required by said Acts or strictly to observe such tariffs until changed according to law, shall be a misdemeanor, and upon conviction thereof the corporation offending shall be subject to a fine of not less than one thousand dollars nor more than twenty thousand dollars for each offense; and it shall be unlawful for any person, persons, or corporation to offer, grant, or give or to solicit, accept, or receive any rebate, concession, or discrimination in respect of the transportation of any property in interstate or foreign commerce by any common carrier subject to said Act to regulate commerce and the Acts amendatory thereto.

whereby any such property shall by *any device whatever be transported at a less rate than that named in the tariffs published and filed by such carrier, as is required by said Act to regulate commerce and the Acts amendatory thereto*, or whereby any other advantage is given or discrimination is practiced.

In construing and enforcing the provisions of this section the act, omission, or failure of any officer, agent, or other person acting for or employed by any common carrier acting within the scope of his employment shall in every case be also deemed to be the act, omission, or failure of such carrier as well as that of the person. *Whenever any carrier files with the Inter-State Commerce Commission or publishes a particular rate under the provisions of the Act to regulate commerce or Acts amendatory thereto, or participates in any rates so filed or published, that rate as against such carrier, its officers, or agents, in any prosecution begun under this Act shall be conclusively deemed to be the legal rate, and any departure from such rate, or any offer to depart therefrom, shall be deemed to be an offense under this section of this Act."*

* * * *

The clauses to which I wish to direct your attention are marked by a vertical line at the right. In substance they say that all rates shall be published *for the benefit of the public*, that no greater or less charge shall be made *by any device* and that the Commission may determine the form of publication.

I have called this an unappreciated clause. Perhaps you will ask why. Because it is the one vital feature of the whole act; the foundation stone upon which the whole structure is built. Other features there are, dealing with rebates, the long and short haul clause, etc., every one of which has been so emasculated by decisions of the courts and the actions of railroads as to entirely nullify the original

purpose of the Act. This one section remains untouched, and why? Because, in the first place, the shippers do not realize its significance to them; and, second, because the railroads do not want it changed. It suits their purpose at it stands, and if attention were directed to it and any changes made, such alterations would be more than likely to be more objectionable to the carriers than the present clause.

This clause has been unappreciated by the shipper for the reason that he does not know or realize what tariffs are published and does not comprehend to what extent they might affect the rates on his shipments. He receives a few tariffs showing the rates easily understood and does not see that in the vast multitude of other tariffs issued there must be a device which operates to his injury if he does not understand it and which is a source of profit if he does. It is this lack of thought on the part of the shippers,—the great mass of them,—that has made possible the complicated and beautiful system of the carriers which makes it possible for them with an Inter-State Commerce law to do, not only the things they did before it was enacted, but many things they wanted to do and could not.

Today there are more special rates in the shape of commodity rates than there ever was thought of before the Inter-State Commerce Act was passed.

The class rates have not changed materially for several years, yet there were filed with the Commission last year over three million tariffs and supplements. They were not class rate changes. What were they? Special Commodity rates, special rulings, etc., every one of which tends to reduce the rates applied to the shipments of the general public.

The newspapers have been full of the rebate question, special car lines, etc., which affect only a small portion of the shipping public, who, to enforce the law, must first secure evidence by secret means of

the violation of the law and who, when this has been done, cannot enforce their claims for justice without a law-suit. But nothing has been said about the great mass of the shippers who are bamboozled into thinking that they are securing the proper rates, and who, to secure lower rates, have only to wake up, study the situation and secure the tariffs which quote lower combinations. They can enforce their claims without a law-suit by simply furnishing as authority the tariffs which produce the rates.

This is easy to say and quite as easy to do, *but the shipper must wake up*. Do not expect the railroads to thrust these rates upon you. They will not,—it tends to reduce earnings. Neither expect to find them without a search, an intelligent search.

In the preceding chapter it was shown from reports of the Commission that rates were complex and not clear where it was easy to make them clear, that rates between competing terminal points were lowered and intermediate points not aware of it, that sometimes special Commodity rates were withheld from the general public's use because they were designed for certain favored patrons. It was also shown that a system of differentials, arbitraries, rulings and special references had crept into tariffs and the tendency of all these things has been to make it possible for a few of the shippers to secure lower rates than others, and the key to this situation lies in the fact that the firms which secure the benefits of this system are those which employ traffic managers, and these generally come from railroad service.

When anyone's traffic is worth it, such a shipper is put on to the combinations and the traffic expert assisted to know where to find combinations that reduce freight cost.

I will attempt in later chapters to direct your attention to how this is done with rates, but here I

want to emphasize the necessity for appreciating Section 6, of the Act.

It is the one useful thing to you. If you have reason to believe that either before the Act was passed or since, any competitor secured a lower rate than would be applied to your freight, don't jump at the conclusion that he secured a rebate, but request the railroads from his town for tariffs affecting the Commodity you are both shipping; have them place your name upon the list for subsequent issues and corrections and you will frequently find rates which will lessen your cost for transportation.

The first thing to be done is to figure out the points where rates on your product are *likely* to be made lower than would be granted you, ascertain what places intermediate between you and your various customers have two or more competing roads, then get a supply of tariffs from all of these places as well as from your own territory.

Then sit down and study the thing out in accordance with suggestions in succeeding chapters.

Remember, the railroads are not compelled to furnish you with copies of tariffs. It is a mere gratuity on their part arising from their plan of furnishing tariffs containing class rates which lead the general public to believe they are securing all that is necessary.

They will scarcely refuse your request to be put upon the mailing list, especially if it comes endorsed by your local agent. If, however, they do refuse you may justly suspicion there's a reason back of it.

Understand that tariffs from your town are insufficient even though they show rates to many points you ship to. There may be combinations from other and intermediate points which produce lower rates. This is particularly true to the south, southwest, northwest and Pacific coast territory.

In conclusion I wish to emphasize this point:

The system of filing tariffs and posting them is not satisfactory publicity. Those filed with the Interstate Commerce Commission are buried, those posted at St. Louis, for example, may affect your rates from Chicago as shown in the preceding chapter, and these at Chicago may and probably will affect any traffic passing through Chicago from any other point.

It not being obligatory upon the carriers to furnish these and they, being posted where you could not have personal access to them, it remains for you to search for them and secure those that affect your shipments, if you wish the benefit of lower rates.

ERRORS COMMON TO MOST SHIPPERS AND HOW TO PREVENT THEM.

CHAPTER IV.

Here's where I hit the shipper for while he makes only some of the mistakes that cause him to lose money or become overcharged, yet he usually makes the one great mistake of paying for something he cannot check as to cost. He leaves it to the other fellow to figure it for him.

Now, if, as I shall show, it is impossible, or rather let me say impractical—for the railroads to prevent errors, and if, as the Commission says, they sometimes withhold information for the benefit of special interests to the injury of others;—if, I say, these things occur which produce overcharges, who is the loser? The shipper, of course, and if the shipper cannot decipher the tariffs, if he cannot help himself, what must he do to protect himself against loss? There is but one practical answer. These errors are productive of profit to the railroad. It is not to their interest to stop them. We cannot hope that they will. These errors produce loss to the

shipper. It is to his interest to stop them. He must, if he would make his the profit which now accrues to the carriers. To do this the shipper must master the freight rate problem, or hire some one to do it for him.

Mistakes are of two general kinds—those of classification and those of rates.

The shipper makes the former, the railroads the latter. The former are fewer in number, but costly when made.

Mistakes in classification, packing and describing shipments are due to the fact that the shipping clerk is commonly supposed to have nothing to do with rates; an erroneous supposition as the rate is often dependent on the manner of packing and the description.

I will illustrate this.

Recently a railroad commercial representative related to me these facts. He was soliciting the traffic of a large shipper of lubricating oils. In so doing, he studied how to secure some advantages over competition. The result was he was able to quote a lower rate than any of his competitors were quoting. He secured the business.

Soon after a competitor accused him of cutting the rate. A complaint was made to the Freight Committee in charge of the territory, but not sustained. Then the representative of the competing line came into his office and offered to bet that the rate had been cut and that no authority could be shown for a lower rate than the one he had been able to quote. Said he, "We have one of the best rate clerks in the business, and he told me there was no authority for your rate." The agent who secured the traffic said, "What were you looking for a rate upon?" "On lubricating oils," was the reply.

"If you will examine the classification, you will find a classification lower on oils, the product of

petroleum. This is a lubricating oil, it is true, but it is also a product of petroleum and consequently secures lower classification. You tell your man to study the classification."

Who would be interested in securing a classification on oils, *the product of petroleum?* You can give a good guess.

When you have an article for classification do not proceed upon the theory that if your article be a spade that you must necessarily classify it as a spade. There may be a general classification on hardware which includes spades and makes a lower rate.

Study the classification and see if you cannot—not misdescribe your shipment—but describe it so it will acquire a lower rate.

Take olives, for example. You will find olives classified. You will also find in some territories a commodity on canned fruits and vegetables. Now, olives are olives all right, and there might be a discussion as to whether they be fruit or vegetable, but it is certain they are one or the other, and consequently justly entitled to the lower rate. If the classification on canned fruits and vegetables has been qualified by "not otherwise specified," then, of course, they are susceptible of only the "olive" rate, but so long as that classification remains indefinite it leaves the classification open to suspicion of having been designed to be elastic enough to meet the needs of some firm which wanted to ship olives as canned vegetables or fruits, and at the same time leave it up to the railroads to refuse the same classification to some smaller shipper to whom they could point to the specific rate for olives and say the other classification was not "meant" to apply.

It is not unusual for a claim department to refuse to consider claims on the ground that a rate or classification was not "meant" to be construed in a

certain way, but the carriers are not allowed to make rates with mental reservations as to what they may be applied to, nor yet to twist the English language to their way of thinking.

Here is the point I want you to consider, and it has important bearing upon the question, both of classification and rates.

The railroads confront a peculiar situation. The large shipper of merchandise claims that he, because of greater tonnage is entitled to a lower charge than the small shipper, all law to the contrary notwithstanding, and as the question of the volume of traffic of any certain character is a determining factor in both classification and rate making, there is logic in the argument. In consequence the railroads in issuing classification are bound to consider this claim, but if they are to confine its benefits to the large shipper *they must classify the stuff in such a way that the average shipper would not naturally seek it.*

Do you get the point? Do I make the situation clear?

If you have an article for shipment which is manufactured or handled in vastly larger quantities than you yourself manufacture or handle it, think what other description may be applied to it and look for some less definite but lower classification.

In speaking of classification, I do not confine myself, of course, to the three general classifications, but include in its broadest sense Commodity rates of every character. To certain territories there is applicable first the general classification, but this may be modified by a special commodity rate for part, or all of the haul.

Recently, in searching for a lower rate on sash, doors and blinds, which are usually classified in those specific terms, an assistant said he could find no special commodity on this material. As the shipper thought he had been overcharged, I set out to

seek out the description that embraced these articles, and where do you suppose it was found? Following a commodity on "weather boards" was "sash, doors and blinds." Not once in a hundred times would anyone have sought it there. Is it not self-evident it was put there to hide it from certain eyes while making it susceptible of application to special shipping interests?

Don't take me to mean that you should misdescribe freight. There is a penalty of a heavy fine upon the shipper for *that*.

Study the classifications to secure every benefit you can. Use your brains! If you know or think that any competitor before the Inter-State Commerce Act was passed, secured by rebate or other plan a lower rate than you, be sure *he* is trying to get an advantage over you now.

Maybe you will find that he gets it in the classification. Maybe in special commodity rates, but be sure, also, that if the railroads can give it to him under cover of the law in such manner that you will not be likely to know of it, they will be obliged to do so. And it is safe to assume also if the railroads cannot do it in compliance with the law, they won't do it at all; or, if they do, there will be no advantage to you in it.

Railroads don't encourage rebates any more ~~than~~ you would encourage your customers to expect a present of your profits on their patronage. When they give rebates, as has been admitted in a few cases, it has been forced upon them by conditions over which they have no control.

The traffic manager would have small chance for his activities if rebating were a regular practice, or even a recognized "irregular" practice.

It is the traffic expert's business to seek out the hidden things for the advantage of his employer.

Studying the classifications is one step in this work.

Before taking up the subject of rates, I want to illustrate the need of a more elastic shipping ticket than most concerns deem necessary. It is a fact that the Official, Western and Southern Classifications frequently differ in the phraseology employed in describing the same article. Sometimes, but not often, this makes a difference in the rates. Study the classifications so that your shipping ticket will describe the freight precisely as it is defined in the classifications, or as nearly so as possible. Then also study the Commodity rates to see if the special commodities to special territories require a different description of your goods. I can show you a facsimile of a claim which was declined, not on the ground that the amended description might not have been applicable, but because the billing was correct for the description furnished. Here it is:

BILLED FROM CHICAGO TO LOS ANGELES, CALIF.

READS:

Date.	Way Bill.	Car.				Ad-	Over-
March 18.	L. 3715	7798				vances.	charge.
Article.	Weight.	Rate.	Freight.				
4 Bxs. Refgrs. Glass Frts....	2,755	225	\$ 65.99				
2 Cs. Druggists Btls.....	330	150	4.95				
1 Cs. Gas Fixtures.....	175	220	3.85				
1 Csk. Ornaments	290	300	8.70				
1 Counter Undr. 16 ft.....	216	220	4.75				
1 Work Board Crtd.....	300	300	9.00				
10 Bxs. Marble	2,450	190	46.55				
52 Pkjs. Soda Ftms.....	3,235	300	397.05				
						\$540.82	

SHOULD READ:

12 Refgrs. Crtd.....	3,540	150	\$128.10				
6 Bx. Wood Fxtrs.....	2,690	300	80.70				
1 Counter Crtd.....	215	300	6.45				
1 Wood board Ctd.....	300	300	9.00				
11 Bxs. Mirrors, 4x5, rel. to							
14c sq. ft.....	1,960	260	50.96				
1 Bx. Mirrors, 6x8, rel. to							
25c sq. ft.....	500	400	20.00				
20 Bxs. Marble, rel. 40c							
cu. ft.	4,395	190	83.51				
4 Bxs. Hardware, Metal							
Plates	210	250	5.46				
1 Bx. Gas Fixtures.....	175	220	3.85				
1 Brl. Glassware	250	150	3.75				
2 Bxs. Bottles, pkd. excelsior	300	125	3.75				
2 Bxs. Mirrors, 2x5, rel. 15c							
sq. ft.	200	200	4.00				
						\$399.53	
							\$141.29

Remember the bill clerk in a railroad does merely mechanical work as a rule. He charges according to the description given—not the description which might be applied or ought to have been given.

It is not his business, nor is it the railroad's to correct your errors, and you need not expect it, the more especially when it loses earnings to do so.

Make it your business to see that your shipping ticket is elastic enough to meet all requirements. Furnish the shipping clerk with instructions that cover the differences to different sections of the country and see that he observes them.

Don't let him crate goods to points where rates are high and where boxing will cut the rates in two. One shipper lost \$500 in one month that way. Don't allow advertising matter accompanying your goods to be packed separately, when by packing in with the goods you acquire a lower rate. One concern did that for several years and lost many thousands of dollars.

Study the peculiarities of your traffic to get what advantages you may.

In presenting matters of classification for adjustment remember that the basis of classification is the value, liability to damage, weight, bulk and the quantity of traffic of a particular kind. Remember that if you want a change in classification particularly applicable to Pacific coast points, it is for the consideration of the Trans-Continental Freight Bureau, not for the Western Classification Committee.

In making requests for classification changes, remember the tendency is upward and not downward, and that unless you can show that analogous articles compete with yours to your detriment owing to lower classification you are not likely to secure a reduction.

Don't make admission which may result in increases instead of reductions as one manufacturer did some time ago. Lacking a definite carload class-

ification he appealed for one, and as an argument, stated that he could load 8,000 more pounds to the car than the classification then applied compelled him to. He got the same rate as he had been paying, but the minimum carload weight was increased 8,000 pounds.

Don't antagonize Committees by demanding that they see things from your standpoint. They are experts on classification, understanding it from the railroad point of view—that of producing a sufficient revenue—and looking at it from a point of view which counts your grievances as only a small factor in the whole rate situation.

Study the traffic situation as it affects you; get what benefit you can from it; be politic in your methods. You will be the gainer.

HOW TO FIGURE THE LOWEST RATE.

CHAPTER V.

In dealing with a subject of this character, affecting widely different interests and localities situated all over this broad land, it is manifestly impossible to fix any set rules that will apply to the individual characteristics of particular traffic. In consequence, I can only give the general rules that will govern, and suggest methods that will direct the thought of my readers into new channels.

I have shown to you that the whole rate situation is covered over as by a blanket, with the general class rates and the rates on general commodities. I have proven that this really constitutes a "list" price for carrying freight and that there is possible, through study, the securing of a lower or "net" price. I have attempted to show by illustrations and the citations of reports of the Inter-State Com-

merce Commission that this lower price for carrying freight is due to certain conditions which compel the issuance of lower rates for special cases, rates that are not demanded by, nor intended to be applied to general traffic.

This apparently conflicting condition is responsible for the complexities of the rate situation, and it makes a study of rates imperative, and at the same time profitable. With the knowledge that there is profit in the study of rates, the great problem is how to apply this general statement to specific shipments.

To outline how to figure lower rates in a general way, requires a knowledge of the factors that enter into the rate question. The first is Classification. Let me state where classifications govern with some illustrations as to exceptions to the general rule.

WHERE CLASSIFICATIONS GOVERN AND EXCEPTIONS.

The Official Classification applies generally in the territory north of the Ohio and Potomac Rivers and east of Lake Michigan, Chicago, and the Mississippi river to the Atlantic seaboard, except locally between points in the State of Illinois and between certain points in New England located on the Boston and Maine Railroad. This classification also applies to local traffic between points on the Chesapeake and Ohio and Norfolk and Western Railways, and between certain points on these lines and points in what is known as eastern seaboard territory located north of the Potomac River. Through rates from points in eastern seaboard territory to Nashville and Memphis, Tenn., and New Orleans, La., are also subject to this classification.

The Southern Classification applies generally in the territory south of the Ohio and Potomac Rivers and east of the Mississippi, except locally between

points in the States of North Carolina, Georgia, and Florida, and between points on the Chesapeake and Ohio and Norfolk and Western Railways. The through class rates from points in eastern seaboard territory to points in southern territory are also, with a few exceptions, governed by this classification.

The Western Classification governs in the territory west of Lake Michigan and a line drawn from Chicago to St. Louis, and in all the territory west of the Mississippi River, except locally between points in the State of Iowa. The class rates applying between Pacific Coast points and points in the territory Missouri River to Atlantic seaboard, inclusive, are also subject to this classification.

Besides the three general classifications referred to there are classifications published by the Railroad Commissions of the States of Illinois, Iowa, Georgia, North Carolina, and Florida, applying locally on shipments moving between points in those States. Between points in the State of Texas the Western Classification governs in connection with an exception sheet published by the Railroad Commission of that State. There is also a classification known as the New England Freight Classification, which governs the class rates between points on the Eastern, Western, and Northern divisions of the Boston and Maine Railroad.

There are exceptions to classifications as well as to rates, and these will generally be found in the tariffs of the various railroads with which you are dealing. It is essential that these be studied and mastered so far as they affect the particular shipments with which you are engaged.

Whenever exceptions exist, they generally inure to the benefit of the shipper who studies to take advantage of them. An illustration or two will suffice to show how these exceptions affect the rate situation.

On traffic originating south and east of Chicago, destined to the Upper Peninsula of Michigan, the Official Classification governs, when passing through the Lower Peninsula. The Western is effective, when passing through Wisconsin. It sometimes occurs that one classification will produce a lower rate than another, in which case it is necessary to so route the shipment as to obtain the advantage of the lower classification. This I have found to be the case in shipments destined to the territory mentioned.

On traffic originating at Chicago, or passing through Chicago to the South, destined to Mississippi Valley territory, the Official or Southern Classification will govern to the Ohio River, whichever makes the lowest rates. It will be found on some commodities, owing to the conditions in these classifications, that it is cheaper to apply the Official to the Ohio River than the Southern, and vice versa. These are simply illustrations of exceptions to the general classifications which will show you the necessity of taking cognizance of these exceptions where they exist.

SUGGESTIONS FOR DESCRIBING AND PACKING FREIGHT.

I have pointed out in the previous chapter on "Errors Common to Most Shippers," that it is a frequent mistake of shippers not to properly describe and pack their goods, and I go into the study a little more at length at this time, and give you some illustration which will add force to this point upon which I desire to lay special emphasis.

To know how to pack goods and describe them so as to have them billed out properly is a matter of much importance and one that is overlooked by a great many shippers.

The average shipper forgets that the bill clerk

has nothing before him but the description of the goods on the shipping ticket to guide him as to what may be the proper classification and rate to apply thereto, and many who are careful to pack goods properly do not describe them in their shipping bills properly. The most common fault, however, is the failure to have the proper instructions given to the packers of goods, so that they may go through, not only with least liability to damage, but acquire the lowest possible rate.

For example, in conversation with the head packer of a very large house in Chicago a short time ago, I learned that in making shipments of pictures and frames with glass, the glass was boxed separately and billed as a box of glass, very carefully marked, "glass, handle with care," to insure careful handling. Billed in this manner to most territory, the shipment of a box of glass so described would have applied to it the first-class rate, whereas, had it been described as a box of common window glass, the rate would have been fourth class, which would in the aggregate mean a large saving, as the business of this concern in this line alone amounts to a considerable item during the year. Many concerns which ship furniture, for example, bill it out as so many pieces of furniture, and, in consequence, the billing clerk at the railroad will apply to it the highest rate possible to any article of furniture, as he is not able to fathom the contents of each bundle and has no incentive to do so. Chairs are invariably billed as so many bundles of chairs without regard to kind and manner of packing. Wood seat, cane seat, upholstered, willow, set up or knocked down, legs off, tops nested, are all specifications which affect the classification applied to chairs, and of course the classification on articles affected by class rates determines the rate. Because of the want of proper packing and, after, of proper description, many articles of furniture acquire

higher rates than those to which they are legitimately entitled.

The rate on vehicles, such as carriages and buggies, is fixed according to the size of the crate in which they are packed. In some cases no dimensions are specified. In this case the shipment will have applied to it three times the rate that would otherwise be applicable—that is, if the carriage were properly knocked down and crated and the dimensions shown.

It may be urged that no large shipper of this class of freight would be guilty of such a mistake, but the fact remains that he often is, if not with one part of his shipments, with another.

Baby carriages, which are almost always knocked down to a certain extent, will acquire the lowest rate only when knocked down to the fullest extent; wheels, springs and top taken off and tied in bundles inside the carriage.

It was only a short time ago that one of the largest concerns in Chicago employed me to devise a system for properly handling all their traffic details, and on going over their shipments for a period of six months back it was found that they had lost in excess freight charges nearly \$1,000 within the year because they were ignorant of the fact that their goods if boxed took only the first-class rate, but that when crated it took double first. It was easier and to a certain extent cheaper to crate the goods, so they crated them, and as the shipments went to a far western point, where the first-class rate was \$2.05 per cwt., and twice that double first, they had lost precisely \$2.05 on every hundred pounds which they shipped.

SUGGESTIONS FOR FIGURING RATES.

In figuring to obtain the lowest rate a thorough knowledge of the geographical locations is of para-

mount value. The country, for the purpose of rate making, is divided into territories and then again sub-divided many times. Within these territories are what are known as "common points," which serve as a basis from which rates are figured to towns within a certain radius, and these rates to common points are used as maxima.

There are three general divisions of the country for this purpose, named after the classifications which govern on traffic within their boundaries. They are Official Classification territory, Southern Classification territory and Western Classification territory. These are again sub-divided and various portions put under the control of Committees and Associations composed of representatives of the railroads operating within these territories and these Associations and Committees in turn determine how rates shall be made and what towns shall be used as points on which to base rates.

I give here a rough outline of the divisions of the country so divided, which is not complete in all details, but will serve as a guide to give the shipper an idea of part of the plan which, while seeking to simplify rate making for railroad usage and to establish a common basis for rate figuring which will be acceptable to all lines interested, really complicates the situation for the understanding of the average shipper.

The Official Classification territory has two general divisions called the Trunk Line territory and Central Traffic Association territory. The first extends its boundaries from the Atlantic seaboard to the Niagara frontier or what is known as the western termini of Trunk Line territory, and the latter extends from Chicago east to the same boundary. The dividing line is fixed by the gateways known as the Niagara frontier, which are Buffalo, Black Rock, Erie, Salamanca, Pittsburg, Parkersburg, W. Va., and Wheeling. Rates east

and west-bound within these territories are established upon a percentage basis, the foundation being the New York-Chicago rate, which is 100 per cent. All other rates within this territory east and west are determined upon their relative mileage to the terminal points, New York and Chicago. Rates from Trunk Line territory south-bound are based upon what are known as the Virginia Cities, i. e., Richmond, Petersburg, Lynchburg and Norfolk, Va., and in some instances upon the Ohio River crossings.

Rates from Central Traffic Association territory east-bound are based upon the Chicago-New York rates, and the seaboard towns, Boston, Philadelphia and Baltimore, are figured at fixed differentials, higher or lower than New York.

Rates south-bound from Central Traffic Association territory are governed by the Official to the river, but the Southern Classification may be used to Mississippi Valley territory when it makes a lower rate. On south-bound shipments from this territory rates are all based on the Ohio River crossings: Louisville, St. Louis, East St. Louis, New Albany, Jeffersonville, Cincinnati, Cairo, Thebes, etc., and to some few points on Virginia City combinations. A very fine map of this territory and its divisions is published by the Queen & Crescent Route, showing the intricate divisions of southern territory.

Southern Classification territory has within it the Southeastern Freight Association, Southeastern Mississippi Valley Association, The Joint S. E. M. V. Association, and S. E. F. Association, the Associated Railways of Virginia and Carolina and Central Kentucky territory. These divisions are defined carefully in the Queen & Crescent rate book above mentioned. The various divisions of this territory are due to water competition with the Ohio, Mississippi Rivers, and with similar com-

petition existing on the Atlantic seaboard and with waterways running inland therefrom.

The basing points to and from this territory are the Ohio River crossings, Virginia cities and common points within the territories such as New Orleans, etc. Exceptions to the classifications are named in the article which defines the scope of Classification influence.

Western Classification territory embraces a large number of Associations and Committees, the more important of which are the Trans-Missouri Freight Committee, Western Trunk Line, Southwestern Freight Committee, Trans-Continental Freight Bureau, Arkansas Freight Committee, and Indian Territory and Oklahoma Conference Committees.

Basing points to and from this territory are the Mississippi and Missouri River points, Minnesota Transfer and common points within the territory such as Denver, Spokane, Salt Lake, Arkansas and Texas common points, etc.

Some common points within each of these territories may be used as bases for figuring low combinations.

In making tariffs at the outset the common points in the various territories are taken as the maxima and other rates based thereupon. After these have been issued for a time they become a permanent basis and all other rates are affected by their variations. In the issuance of these first tariffs, the rates are carefully compiled with due regard to avoiding conflict and the long and short haul clause, taking into consideration all factors such as mileage, competition, etc., and these tariffs then become recognized figures for transportation cost. Such tariffs are broad and comprehensive, cover all towns, all classes and general commodities, and are the foundation of railroad charges billed against freight carrying. Railroad clerks use them and the public get them for the computing

of freight cost, and in this manner a "list" price becomes established for the transportation of freight. Hardly are these issued, however, before the demands of competition, the demands of certain interests for lower rates and such like factors compel the issuance of other rates, which tend to lower the cost for transporting freight. Frequently these changes are made to the common points on special commodities and sometimes on classes, and in their issuance the tariff only names changes to the basing point, although by so doing all rates within a certain radius are affected. Rates beyond and intermediate become susceptible of change in consequence, but as the public does not know of this the old rates are charged and an overcharge results, even though it be unknown to the shipper.

COMBINATIONS AND WHERE TO APPLY THEM.

The study of "How to Figure the Lowest Rate" is in reality a study of "Combinations and Where to Apply Them." In the previous chapters I have outlined how it is possible to figure lower rates than those which will naturally be applied to your shipments, and I have shown you in a general way that the conditions which produce lower freight rates are so varied in their effect that there are but few interests in the country that are not in some measure affected by them.

A great deal will have to be left to the readers of this book for the ferreting out of combinations such as are peculiar to their shipments and to the territory in which they are interested, but the possibilities of saving money by the studying of these publications will be illustrated by the following instances.

On business moving between the East and the West, I will cite a combination which covers many shipments, and what is true of this particular case will also be found to be true in a great many other instances. The rates, as are well known, from the East to Central Traffic Association territory, as well as the Trunk Line territory, are upon a percentage basis, rate from New York to Chicago of 75 cents, first-class, being the primary basis, or 100 per cent. Take a Line Guide Book and you will find that the rate to Waukesha, Wis., from New York is the same as to Chicago, it being a 100 per cent point. In figuring the mileage from Waukesha to Madison, you will find that rates from all territory east of Western Termini points can be cut from 2 to 6 cents per hundred pounds.

Again, take the rates between the Mississippi River and points east thereof, add thereto the transfer at river points, plus the mileage to points in Iowa, and it will be found that a considerable reduction can be obtained. In shipping to points in the southeastern and Carolina territories, the rates should be figured on the Ohio River crossings, and the Virginia cities.

Frequently it will be found that while the rates on Ohio River crossings will be lower on one class, on another the Virginia city combinations will be found lower in other classes, so that it is necessary in every case to figure each class of goods forwarded via these various gateways.

Business destined to Arkansas, Louisiana and Texas can frequently be handled at lower than through published rates by making combinations at the various common points—Shreveport, La.; Little Rock, Ark.; Texarkana, etc.

In handling business to and from extreme western points, it should be borne in mind that published rates are the maximum rates to be applied, and that frequently a rate published to a common

point, plus the rate beyond, based upon actual mileage, will be found less than the published rate.

It is well known that rates to Pacific Coast terminals are very much lower than to intermediate points. These, however, can be used to produce lower rates to some points intermediate, when it is found that by adding the local rate back to such points to the terminal rates, the result will be lower than the through rate to such intermediate points.

Rates from the North to Southern territory should always be figured via all of the Ohio River crossings, for the reason that on account of competition and the disadvantages some lines labor under, of being compelled to haul a longer distance, the rates from the Ohio River to a great many points widely vary. The conditions here are very much similar to those in the Official Classification territory, where the roads which are under disadvantage by reason of longer routes are allowed to quote differential rates.

I suppose it is quite commonly known that while the rate from New York to Chicago via the "standard" lines, or those which carry the freight all rail from New York west, is the common basis, there are what are known as differential lines, which are allowed to charge less, because of the fact that their facilities will not allow them to compete with standard lines upon the same basis. These lines are largely constituted of lines which run in connection with canal and water transportation.

From these brief illustrations, covering shipments from the East to the West, from Central territory west beyond the Mississippi River and to the Pacific Coast, and from the North to Gulf points, it will be seen that there are combinations in effect in all these territories which produce lower rates. This is due to the fact that in the first place all tariffs are issued based upon some common point.

This common point then becomes a definite basis for the figuring of future rates, and all the rates which are at first put into effect are "lined up," as they say in railroad circles, so as not to conflict with each other and the law.

Subsequently, however, owing to demands for a lower rate upon particular traffic, due to conditions which are very clearly outlined in the first portion of this book, changes in rates are put into effect, through the application of which the rates to these common points are sometimes entirely altered, and as a natural consequence the rates to other points within a considerable radius are also modified by these changes.

An illustration of this character has been shown in the reports of the Inter-State Commerce Commission in one of the foregoing chapters, where they mention the issuance of a change to terminal points without apparently any notice to the shippers and agents at intermediate points of the effect upon their shipments of such a change, and as the Commission very aptly remarks, discrimination and overcharge might very naturally follow in the wake of such changes.

Some time ago, when the St. Louis and San Francisco Railway was built from Hugo to Hope, Ark., thus making the Texarkana rate to Hugo the maximum to apply, the mileage from Hugo to Paris, Texas, plus the Texarkana rate to Hugo, changed the entire situation to Paris and all points between there and Paris. Thus railroad extension may affect the rate basis.

It must be borne in mind by the reader that water competition does not necessarily enable the shipper to take advantage of such rail rates as are put into effect to meet this competition, as the courts have decided that where the business is directly competitive rail rates may be made to meet it without affecting the general situation. Another

thing which should be borne in mind is that there are published by the carriers application sheets, which are entirely separate from the tariffs in many cases, and these have material bearing upon the lowering of rates.

A practice has grown up also of issuing what are known as Billing Instructions, being for the use of bill clerks in railway employ and not for the general public, but these sometimes are found to affect the application of rates. This is the case where switching charges are absorbed by competitive railways to certain territories, where they could not secure the business with the addition of this charge.

It is commonly claimed by the carriers that the effects of such new issues and changes as have been mentioned above are overlooked by the clerical force in the making of tariffs, but as the demands for these changes arise from special sources there is fair ground to suppose that they are not intended to apply to general traffic, and as the method of publishing and posting does not bring these changes to the attention of the general public they are not aware of their existence and discrimination and overcharge may very naturally be the result. The necessity for readjustment is not apparent in such cases, as only a few, and those few the ones who study the rate situation carefully, secure the advantages which these changes offer.

If a readjustment of all rates affected were made when such changes take place they would not accomplish the result aimed at by the interests which made their issuance a necessity, namely, the securing of a better rate than enjoyed by the general public, and therefore it is only fair to presume that there is a purpose behind this apparent carelessness on the part of tariff makers, which results in conflicting rates, through the application of

which lower rates are secured for transporting freight.

In this way a "net" price for carrying freight is produced and it is open to him who seeks it and finds it, to his profit.

If these lapses were far between and exceptional it might appear that they were the result of oversight but as the vast number of changes constantly made are of this character there appears to be no good reason to accept that as a reasonable explanation.

Whether intentional or otherwise, the fact remains that these things produce lower freight rates, that more concerns are employing traffic experts every year for the sole purpose of detecting these conflicts which tend to lower freight cost, and it is to be presumed this would not be true if there were not profit in it.

To figure the lowest rate you must study the classification to secure the proper description and method of packing goods, you must learn through study of the tariffs how the changes above outlined affect your commodities and you must carefully scrutinize all tariffs for rulings, exceptions, differentials, etc., that may in any way enter into the question of freight cost.

This seems to be a complicated matter, but when you consider that the major part of its complexity is due to the wide variety of interests with which it deals and the broad scope of country which it covers, it will be seen that only a certain portion of this affects your particular traffic. It will be a comparatively easy matter for you to ascertain what differentials are in effect to the points to which you ship, it will be equally easy for you to study your competition and railroad competition within the territory to which you ship so as to secure the benefit of such commodities as are made to affect your shipments and when once this is done the work

of keeping posted as to subsequent changes and rulings is really very little trouble.

MINIMUM CHARGES.

There is nothing in which there is greater chance to save and, from the railroad standpoint, in which there is greater chance for error, than in the charges which are levied upon packages weighing less than one hundred pounds, what are called minimum weight shipments. This is due to the constant conflict between such charges as established by the classifications and the combinations of minimums established by the railroads which haul the goods. To illustrate this, let me say that in many cases the minimum charge as established by the classifications, figured at 100 pounds first-class or in the class to which the freight belongs, produces a higher charge than would be the case if the minimum charge of the respective roads hauling the goods were figured and applied, but of course this is impractical from the railroad standpoint, and in consequence the bill-clerks take the classification as a basis. It is really the maximum basis.

For example, the minimum charge Cincinnati to St. Paul, according to the classification, is 91 cents, yet the minimum to Chicago plus the minimum rate beyond makes but 65 cents, a difference of 26 cents on each shipment. This would seem to be a small matter, but to those whose shipments consist almost wholly of such small shipments it is of vital importance.

The rule with these charges as with all other rates is, that the through rate may not be higher than the combination of the locals.

In shipping from the East to points beyond the Mississippi River, it will pay to study these out and make a list of the differences. Shipments are

frequently billed upon Chicago when, if billed to the river at the same charge, the minimum beyond to many points would be considerably less.

CARLOAD WEIGHTS.

A study of carload minimum and maximum weights will be found to be productive of profit. Frequently it happens that shipments are charged at weights which are greater than the maximum possibilities of the car's capacity. In such cases undoubtedly an overcharge exists.

Where goods are taken at a fixed weight for each package or measure, as is the case with many commodities, it may be found that the car weights do not correspond to the computed weights based upon quantity. In such cases a claim will hold.

Many times shippers have a basis for the computation of the weight of their shipments which is accurate, yet the carload weights frequently show differences. When this is the case it is well to establish with the terminal or forwarding line the accuracy of such weight basis, and it will obviate trouble and enable you to collect back overcharges which are the result of overweightings by the weighmaster.

The method of weighing cars is singularly susceptible of error. Cars which carry refuse from other loads, are covered with ice and snow and accumulate weight are weighed with their load in a train, and all these accretions go to make freight charges higher.

In all cases where the weights can be shown conclusively to have been wrong, claims can be sustained, as a weighmaster's receipt is not proof positive of the correct weight of the contents of a car.

RAILROAD METHODS.

CHAPTER VI.

In order to understand how to properly handle loss and damage claims it is necessary to comprehend how the railroads themselves treat these matters and the conditions which contribute to lost and damaged freight. For the benefit of those who have had no railroad experience I will briefly outline these conditions.

HOW FREIGHT IS HANDLED.

All less than carload shipments consigned to the care of transportation companies go through the following process of handling, with here and there exceptions to meet the differing conditions peculiar to different sections of the country.

Each piece of freight is checked into the warehouse by a man denominated as a "checker-in." He notes the number of packages, and the condition of each and receipts for them in good or bad order as the case may be. These are stored in different sections of the warehouse and are again checked by the "checker-out," who again notes the number of packages and their condition, noting on the face of the shipping ticket the initial and number of the car into which it is loaded. The freight is "stowed" in the car by a man whose particular business it is to see that freight is so loaded that it will carry without damaging other freight, and who also, when loading cars for what they are called "way" or local stations, has the added responsibility of placing the freight so that it will be easily accessible from the car door, placing that destined to distant points in the ends of the car to be unloaded last. The car being loaded it is sealed and subsequently switched into the train. When the train is made up the conductor collects from the

local freight office the way-bills for the various cars in the train and receipts for them, each bill being numbered and entry made in a book of the number of the bills and the points for which car is loaded.

In the case of through cars loaded with freight for points to which carloads are made up, the seal on the car is not broken until opened at destination and the delivery of a car with unbroken seal to connecting line is prima facie evidence of the good order of its contents. Local or "way" freight cars have the seal broken at the first point at which the car has to be opened, and thereafter the conductor is responsible for loss and technically for damage resulting to any of its contents.

In the cases of long hauls a conductor will take care of the train over one division of the road and turn it over to another, who again receipts for the cars and contents in good condition.

Now, you will readily comprehend that in the matter of loss and damage claims the railroad thus far is at the mercy of its employees. If either of the checkers fail to note the damage to any package received, or if there be a package short which by error is checked as being received and forwarded, the railroad company is responsible for the loss or damage. I have known of cases where the teamster was responsible for damage to parts of his load, and through collusion with the checker received a clean receipt for the same, making the railroad stand the loss. Again, if the stower piles heavy freight upon top of classes of freight easily damaged, the latter is likely to arrive at destination in bad condition for which the railroad company has to make good. Often it happens in the rush of business that parts of consignments are placed in remote parts of local cars and are reported short at destination and "over" at some other point, and in some cases these "short" packages are not easily traced up or are delivered to the wrong parties

owing to indistinct markings or the similarity to other markings and become wholly lost, when again the railroad company must stand a claim.

HOW LOST, DAMAGED, REFUSED AND UNCLAIMED FREIGHT IS TRACED BY THE RAILROAD COMPANIES.

When any agent receives a consignment from which there is a package lost, damaged, or a consignment which is refused or unclaimed, he at once makes a report to the department in the general office of the railroad in charge of this work, referring to the way-bill number and the station which issued same. With this information the general office sets the machinery at once in motion to trace up the shipment and get things straightened out. If one station reports an "over" and another a "short" at the same time, the matter is soon settled. If not, the following method of procedure is followed: If the consignment is "over" and the markings are plain, the report is referred to the station for which the shipment is presumably destined, and if that station be short, the package is dead-headed back. If a "short" report comes in and no corresponding "over" report, the report is referred to the agent who billed out the car in which the consignment was found to be short, and the report is then sent to the various agents along the line to ascertain if they be "over" a package tallying with the description of the "short." This generally discovers the missing package, but when it does not it is then sent to the Superintendent of the Division in control of the train men in charge of the train from which the article became short, and through him is referred to the various conductors who in turn report on the matter. In case of refused and unclaimed freight the matter is referred to the agent

at point of shipment for disposition, and if not disposed of the freight is, after a reasonable time, sold. It is, however, with cases of damaged freight that the greatest trouble is encountered. No one wishes to assume the responsibility for the damage. If a local shipment the report is referred through the proper channels to the various conductors, who invariably report it in good condition when received and if possible, when delivered by them. It is hard to place the responsibility on the shoulders of any one where clean receipts are held.

Records are, however, kept of the men who bill freight wrongly and of conductors who handle freight and have damages reported against them for which they cannot account, and some one sooner or later is called down on the carpet.

In the cases of losses and damage which occur in through cars where shipments are delivered to connecting lines, the same shirking of responsibility goes on, each conductor reports the car delivered with unbroken seal and no rough usage in his hands, and the terminal line, if it receives the car with unbroken seals, assumes that the damage occurred somewhere other than on its lines.

Most of the delays which occur in the settlement of claims occur through the tedious and necessary methods of referring all papers to those who handled the freight in an endeavor to locate the responsibility.

Most roads receipting for goods delivered in damaged condition now pay claims promptly if the whole haul was limited to their own line. If, however, handled by two or three lines the responsibility must first be fixed and the basis of settlement determined.

HOW TO HANDLE CLAIMS.

CHAPTER VII.

LOSS AND DAMAGE CLAIMS.

Many damage claims just in themselves are not settled through want of necessary precautions on the part of shippers.

Draymen should be carefully instructed about receipting for packages in anywise damaged. Claims showing receipts for goods, the boxes of which are receipted for as broken, or the contents of which are rattling about with every evidence of damage, cannot be denied by the railroads.

Many damages are the result of improper packing no doubt, most of them are due to improper handling, and when you read the lectures the railroad claim departments are reading their agents and employes on the necessity for properly handling goods and what they say about the carelessness of their own trainmen, you will be surprised to learn that nearly every employe reports that "goods were in good condition while in my charge."

It is next to impossible to fasten the responsibility for the damaging of freight upon any one in charge of it in transit, and when several lines handle the freight there is invariably a squabble about which should stand for the damage. Damages unplaced on any one of the several lines are prorated according to the basis of earnings, and all these things together with the investigation provoke delay.

Delay in damage claims is the common fate. It overtakes them all save those which are plainly fixed on some particular line, therefore the necessity for constantly tracing these claims—not spas-

modically, when you have the time, but systematically, at stated periods *all the time*.

Claims for loss receive more consideration. Goods receipted for as "short" the railroads get promptly after. They must be somewhere. The telegraph is used and things hurried up, because lost freight means a claim and a claim which must be paid, and consequently a loss of money.

Do not, however, hasten to place claims for loss merely upon receipt of notice that the freight has not been received from your customer. Trace for it, sending one to the initial line, one to the agent at destination and keeping a copy for yourself.

Frequently things for which there are no way-bills are over in the warehouse at destination and the tracer to agent locates it before you would hear from the tracer at your end of the line. Sometimes the consignee will look for it at one depot and it will be at another.

If shipments are lost beyond a reasonable length of time, ship a new consignment, make claim for the lost one and if it is found and returned, credit the railroad with the value on receipt of the returned goods less charges.

Don't abuse the tracer privilege. Railroads will trace for any one who merely traces delayed shipments, but will throw them into the waste basket if you trace merely to hurry goods along.

Be consistent in demanding what is your right and no more, and your claims will have more attention.

Railroads are liable for any damages, not the result of the act of God, the public enemy or things beyond their control. Negligence of employes of any character, damages from defective cars, defective service of any character are things for which they are responsible under the common law as carriers and they must pay such claims when the facts are established.

OVERCHARGE CLAIMS.

Overcharge claims are notoriously slow of handling by the railroads. Everything that will expedite settlements should be attended to in the first presentation of the claims. Frequently many delays are due to want of some explicit and necessary information at the outset. Offer complete papers accompanied by the G. F. D. reference (the railroad's tariff number) will secure prompt and instant settlement, especially where the claim department is behind in its work and the chief claim clerk recognizes the authority.

When claims are first declined it must be remembered that it is merely clerical help that declines them. If convinced of their merit pass them back with a strong statement of the facts and they will finally be passed upon by a higher authority, who will be more than likely to consider the danger of offending a good patron of the road by declining the claim if any real basis of merit exists.

Right here is a good time to say that it is the best principle in the world to make a reputation for placing only claims which have a real basis of merit and you will add force to any protest you may have to make upon rejections.

Many claims for overcharge are declined through the ignorance or negligence of clerical help and many more that the initial line believes just are declined, because connecting lines refuse to join in settlement, but any claim based upon tariffs can be enforced and will be paid if insisted upon.

In presenting claims for overcharge they should be presented to the line by which freight was delivered if presented at the terminal point and to the forwarding line by the shipper. Each claim should have the original expense bill attached and a memorandum form showing car number, way-bill number, point of shipment and destination, with a

record of the weight, rate and charges billed and a corrected record of the way charges should read. These forms should be printed in duplicate and numbered and a copy retained, as the papers may get lost in transmission through the mails.

In stating the rate claimed show the authority by G. F. D. tariff number and in correspondence always refer to railroad claim numbers. Claim papers referring to railroad claim numbers receive the promptest attention.

Make it a practice to trace for claims promptly every so often and have a consistent method of so doing.

Private claim departments which are known to be prompt receive greater consideration than those which are known to be spasmodic in their systems of tracing. Don't be stalled off by the statement that papers are in the hands of connecting lines. General Freight Claim Departments are notoriously unsystematic in tracing claims, generally have insufficient help and if you don't punch them up consistently and persistently will allow things to drag out their usual course.

Railroad claim department service is the most unsystematic of any business in the business world. Two reasons operate to produce this. First: Many meritorious claims are never paid by allowing them through lapse of time to become dead and forgotten. This saves money. Second: The clerks in railroad service have none of the training which is the result of contact with the business world. Their pay is secure, their positions assured during good behavior and their motto is "what cannot be done today can be done tomorrow." Other departments of the service are rapidly improving, but the claim departments will not improve so long as the delays incidental to the handling of claims result in profit to the railroad and loss to the shipper.

In some of the smaller railroads the rule is to

handle claims when nothing else is pressing, and to the man who has seen railroad service it is no uncommon thing to see claims pigeon-holed for weeks and sometimes months at a time for want of the time or energy to look up some essential data.

In the reference of claims to connecting lines for adjustment is the greatest cause of delays in settlement.

From an experience of years in claim departments, I can confidently say that if most of the claims which are referred to connecting lines for authority for payment were not traced for, fully the larger per cent of them would never be heard of.

Remember this, that while delays in ordinary business means loss of money and patronage, that the exact reverse is true in railroad claim departments; *delays mean the saving of money.*

With this thought in mind you will see the importance of first presenting claims in the proper form and then everlastingly keeping after them.

SYSTEM IN THE TRAFFIC DEPARTMENT.

CHAPTER VIII.

There is no department of present day business to which the systems and methods that produce economy in management have been so little applied as the Traffic Department. This is perhaps due to the fact that it is a comparatively new feature of many concerns, its needs are not understood by the expert systematizer and because a great many of the men who are in charge of these departments have had little or no previous business training, having come directly to this department from railroad service.

It is possible to so systematize the work in the traffic department as to save much of the labor and

expense and at the same time increase the efficiency of the work.

There are a great many ways of doing this, varying with the different needs of different classes of traffic; but certain general principles will govern for all departments, whether large or small.

The shipping department should be under direct control of the traffic department proper. Instructions for routing, for packing and description of freight to meet the various exceptions to general rules, created by special commodity rates and exceptions to classification should be carefully tabulated and given in a series of instructions to the shipping department.

A careful system of filing and keeping track of tariffs should be installed. If this is done carefully it will save waste of time in searching for information and it will also enable the man looking for rates to know if he is receiving the proper notices of changes in rates. No complicated tariff file is needed for this as a common vertical letter file will adapt itself to the needs of most concerns, in fact in my judgment it makes an ideal file being capable of illimitable extension and indexing.

Much of time is wasted in looking for the same thing over and over again, especially in the figuring of combinations; and for nearly every concern this can be prevented in this way. We will say that a shipper has a list of 1,000 customers scattered over various sections of the country. In order to save time in looking up the rates to these 1,000 points it will be found a good plan to adopt a card system and compile the rates to these various points, showing thereon the routes via which the goods are to go forward, the rates, how they are made up and the authority. This need not be done all at one time although it is the best plan, but whether done at once or from time to time it will need to be done carefully. Thereafter to keep this file accurate it

will only be necessary to scan the tariffs as they come in for changes which affect the rates so compiled. This will be found a comparatively easy matter and you will have an individual tariff for your own use based upon the tariffs of the railroads which will make the checking of expense, etc., very simple. The saving in thus compiling rates will be appreciated if you have spent a half hour in figuring a combination say, via the various Ohio River gateways. Once done by this card system plan it will not have to be done again and many half hours will be saved. If your freight acquires class rates to most territory your own compilation will be quite as good as that of the tariffs of the railroads, as there are very few changes in rates of this character, and it will not require any knowledge of rates to enable any one to check the freight expense, as the cards will show all the rates, with their authority. Similarly when claims are presented you will not have to hunt for the authority, as it will be shown on the card.

If your shipments originate at various different points, the same system can be adopted by showing on the one card all the rates from different factories to one destination, so that if, as is the case with some concerns, the same goods may be shipped from two or three different points, you will have shown directly before you the differences in rates and can determine which place is the cheapest to ship from.

If you are equalizing rates to meet competition or wish to know what rates your competitor has to pay on the same shipment to the same destination, the cards by the same plan will show you at a glance.

By this plan a great deal of the time that is consumed in figuring combinations and hunting up authorities will be saved and it will be possible to

answer quickly and with every degree of accuracy, questions as to rates.

In one large concern with several factories, where this plan has been adopted, the expense of conducting the Traffic Department has been reduced two-thirds and the service has been better. Where before the adoption of the plan there were five employes, there are now but two, and the saving has been accomplished through the want of necessity for constantly looking for the same information over and over again.

Such a system will be of no value if not systematically kept up, as its value lies entirely in its accuracy, but it will consume less time to keep it up and cost less money than by the ordinary plan of searching for the rates whenever wanted. Of course it does not do away with the necessity for a tariff file; it is really a simple transcript of such information as the file contains, which is applicable to your business.

The same plan may be followed in handling claims, filing all claims against each railroad under the name of the railroad and filing numerically. Thus when you are tracing for claims which are delayed, you will have your attention attracted at once to the number that are outstanding with one road, and can see which roads are the most delinquent in this regard.

While the general rate situation is very complex, it is not so as applied to specific traffic if gone about in the right way, and better work will be done and greater value derived from a Traffic Department conducted along systematic lines than one which is controlled by want of system.